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Message Text

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50
ORIGIN ARA-10

INFO OCT-01 ISO-00 FTC-01 JUSE-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 TRSE-00 STR-04 /090 R

DRAFTED BY ARA/APU:JMSMITH:NR
APPROVED BY ARA/APU:CEBARTCH
ARA/ECP - MR. BARBER
EB/IFD/OIA - MR. SMITH
EB/ORF/FSE - MR. HART
---------- 019521
R 052352Z NOV 75
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: EINV, ENRG, AR

SUBJECT: PROPOSED ARGENTINE HYDROCARBONS LAW

1. BURMAH OIL COMPANY REPRESENTATIVE CALLED AT DEPARTMENT NOVEMBER 4 TO DELIVER COPY OF DRAFT ARGENTINE HYDROCARBONS LAW WHICH HE SAID WAS TO BE CONSIDERED BY ARGENTINE CONGRESS IN VERY NEAR FUTURE. HE SAID NEW LAW WOULD HAVE DETRIMENTAL EFFECT ON LONG-STANDING CONTRACT BETWEEN US FIRM SIGNAL OIL AND GAS COMPANY (WHICH BURMAH TOOK OVER IN JANUARY 1974) AND YPF. EXISTING CONTRACT PROVIDES FOR DOLLAR PAYMENTS TO SIGNAL, WHICH WOULD BE PROHIBITED BY NEW LAW. BURMAH IS ALSO DISSATISFIED WITH THE ARTICLE REGARDING COMPENSATION IN THE CASE OF EX-PROPRIATION, WHICH PROVIDES THAT "THE PRICE FOR THE EX-
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PROPRIATION SHALL BE DETERMINED BY THE ORIGINAL COST

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OF THE PROPERTIES AFFECTED THEREUNDER, LESS THE SUMS THAT WOULD HAVE BEEN AMORTIZED DURING THE TIME ELAPSED FROM THE SIGNING OF THE CONTRACT, AND ANY SURPLUSES OVER A REASONABLE PROFIT, WHICH SHALL BE ALSO CONSIDERED AS RE-PAYMENT OF THE CAPITAL INVESTED."

2. AMOCO ALSO TELEPHONED THE DEPARTMENT NOVEMBER 4 TO ASK ABOUT THE NEW LAW. AMOCO HAD NO DETAILS, BUT HAD BEEN INFORMED BY ITS REPRESENTATIVES IN ARGENTINA THAT THE LAW WAS PREJUDICIAL TO THE COMPANY'S INTERESTS.

3. DEPARTMENT WOULD APPRECIATE INFORMATION ON STATUS OF PROPOSED LAW, ESPECIALLY RE TIMING OF EXPECTED CONGRESSIONAL ACTION, AND WOULD LIKE TO HAVE PROMPT REPORT ON ANY APPROACHES MADE TO EMBASSY BY US OIL COMPANIES IN ARGENTINA. KISSINGER

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